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**PUBLIC
DOCUMENT**

May 24, 2004

Via Facsimile

Matthew D. Cohn
Environmental Protection Agency
Region VIII - 8RC 999 18th Street, Suite 500
Denver, CO 80202-2466

Re: Vermiculite Intermountain Site, Salt Lake City, Utah

Dear Matt:

This is in response to your letter dated May 20, 2004. As indicated in my email to you, PacifiCorp was disappointed with EPA's unwillingness to consider reasonable revisions to the Administrative Order on Consent, particularly as to issues that are important to the company and where EPA maintains discretion. With respect to the statements of fact, PacifiCorp continues to disagree with EPA's position but is willing to accept the revisions you have offered in consideration of the fact that the statement of facts is not binding for any purpose except for enforcement of the Administrative Order on Consent ("AOC").

PacifiCorp is also willing to accept the resolution of the other issues set forth in your letter, with the exception of stipulated penalties for work takeover. PacifiCorp is not asking EPA to simply "trust" it to do the work properly. Even without this provision, EPA has ample enforcement mechanisms to provide incentives for PacifiCorp to complete the work quickly and effectively, including substantial stipulated penalties for late or insufficient deliverables and EPA's contractual right to recover any "Future Response Costs" it may incur. PacifiCorp's primary objection remains the fact that EPA retains sole discretion to declare a work takeover and PacifiCorp's remedies for such a contingency are limited.

Matthew D. Cohn
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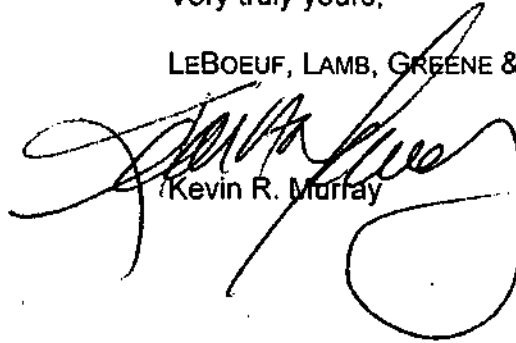
Despite PacifiCorp's reluctance to enter into an AOC with any stipulated penalty for a work takeover scenario, in order to move forward on this site remediation PacifiCorp would be willing to accept a work takeover penalty if Paragraph 49 is modified to read as follows:

49. In the event that EPA assumes performance of a material portion or all of the Work pursuant to Paragraph 59 of Section XX, Respondent shall be liable for a stipulated penalty in the amount of \$45,000.

As stated in my previous letter, PacifiCorp is ready to mobilize immediately to implement the work described in the Work Plan. We would like to be able to proceed as soon as possible and are hopeful that we will be able to reach agreement on this last outstanding issue pertaining to the AOC. Please contact me at your earliest convenience to follow up on this matter.

Very truly yours,

LEBOEUF, LAMB, GREENE & MACRAE, L.L.P.



Kevin R. Murray

KRM:js

cc: Michael Jenkins
David Wilson
Jeffery Tucker